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## **1.3 PROJECT HISTORY**

### **1.3.1 AREA HISTORY**

In 1901, Felix Pedro and Tom Gilmore discovered gold in a gravel bar near the mouth of Fish Creek; however, they decided not to stake the discovery because they considered it to be only a spring freshet deposit and not a valuable placer deposit (Parker, 1929). They continued prospecting in the area; and, on July 22, 1902, Pedro made a discovery on Pedro Creek starting a stampede into what became the Fairbanks District (Parker, 1929).

Pedro's discovery resulted in the establishment of Fairbanks as a major mining center (Cashen, 1971). By 1904 Fairbanks had become one of the principal gold producing districts in Alaska. Placer production peaked in 1909 (Parker, 1929) marking a transition from the relatively low grade, easily mined shallow placers to the high grade, underground "drift mines" (Parker, 1929). Between 1903 and 1930 an estimated 3.9 million ounces of placer gold and 100,000 ounces of lode gold were recovered from the district (Hill, 1933).

During the boom years of 1903 to 1905 (Cashen, 1971), towns sprang up on numerous creeks throughout the region (Wold, 1971). In 1908, 5,000 people lived in Fairbanks and another 5,000 lived in the surrounding area. By 1910, however, the Fairbanks population had dwindled to 1,500 (Cashen, 1971). Mining activity steadily declined from 1910 to 1915 (Anon., 1916) and continued to drop until the 1920's when dredges were introduced. The U.S. Smelting, Refining, and Mining Company, dba Fairbanks Exploration Company (F.E. Co.), operated 12 dredges in the Fairbanks Mining District in 1930, but by 1953 only six operating dredges remained (Cooley, 1954). Mining activity rose from the late 1920's until World War II when gold mining was suspended under the war moratorium. Activity remained low until the price of gold began to rise in the 1970's.

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Lode gold mining did not start in the Fairbanks District until 1910 (Brooks, 1915) and it peaked in 1913 (Hill, 1933) when 10 mills were operating (Brooks and others, 1914). Lode mining declined during the World War I (Hill, 1933) and revived after construction of the Alaska Railroad in 1923 (Boswell, 1979). Total lode gold production from the Fairbanks District to 1960 was 239,247 ounces (Cobb, 1973).

In 1984 lode gold mineralization was discovered at what was to become the Fort Knox Mine. Between 1987 and 1991, a number of companies were involved for varying lengths of time in exploration and pre-development of the Fort Knox project. In January 1992, Amax Gold Inc. (AGI) acquired 96 percent ownership of Fairbanks Gold Ltd., a publicly held British Columbia corporation, and merged with Gilmore Gold Inc., a closely held Delaware corporation, into AGI. On March 31, 1992, AGI acquired the remaining 4 percent of Fairbanks Gold Ltd., thus obtaining full ownership of the Fort Knox project. AGI established FGMI as the operating company for the mine. On June 1, 1998, AGI and Kinross Gold Corporation merged. FGMI now is a wholly owned subsidiary of Kinross Gold Corporation.

Construction of the Fort Knox Mine began in the first quarter of 1995 and ore processing commenced November 1996. Commercial production was achieved March 1997 and gold production has remained at approximately 350,000 ounces of gold annually. The mine employs approximately 260 workers and generates a positive \$107 million impact on the local economy (McDowell Group, 1999).

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### **1.3.2 TRUE NORTH HISTORY**

In 1924, the F.E. Co. began purchasing large tracts of land and constructing a water conveyance system, the Davidson Ditch, in preparation for dredging activities. The Davidson Ditch was an engineering milestone that consisted of approximately 105 linear miles of hydraulic ditch, flumes, and siphons.

Dredging in the drainages surrounding Pedro Dome began in 1924 on Cleary Creek when the Chatham Gold Dredging Company built a 1.5-cubic foot dredge. It was located at the mouth of Chatham Creek. In 1928, a 10-cubic foot dredge owned by F.E. Co. started mining on lower Cleary Creek and worked the Chatanika Flats. A third dredge started mining on the middle of Cleary Creek in 1929. This third dredge was a 6-cubic foot model owned by F.E. Co. After 18 years of successful operation, this dredge was moved to Little Eldorado Creek in 1947 and operated in the middle reaches of the creek. After eight years on Little Eldorado Creek, the dredge was moved to Dome Creek, where it currently sits. Dredging ended in Dome Creek in 1959. All F.E. Co. dredging operations were discontinued by 1964 (Higgs, 1996). Smaller scale placer mining operations have continued in Little Eldorado Creek and Dome Creek up to the present time.

The largest lode production from mines in the immediate True North area came from the Soo property, also known as the Spaulding, patented in June 1913. From 1912 to 1914, this mine produced \$75,000 - \$100,000 with the gold price at \$20.67 per ounce.

Other lode mines and prospects in the True North area are the Newsboy, Sunrise, Robinson, Hidden Treasure, and Dome View. The Dome View was staked in 1917, on the north flank of Pedro Dome at the 2,000-foot elevation by the Wackwitz Brothers. The adit was 145-feet long and attained a depth of 100-feet. The vein was 12 to 40-inches wide, averaging 30-inches. The Newsboy mine is two miles north-northeast of Pedro Dome. The veins on this property were extensively stoped. The original shaft was 350-feet deep (Hill, 1933).

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Poz and Contardi worked the Hindenburg Mine, located in the heart of the True North prospect, producing stibnite during the summer of 1916. A 25-foot shaft accessed their drifts. During WWI approximately 200 tons of high-grade stibnite ore were shipped.

John Rogash located the Ohio claims in the East Pit area in 1916 and three shallow shafts were dug on a quartz-stibnite vein striking east west (Hill, 1933).

In 1942, Mike Myntti drove a 140-foot crosscut and installed a stamp mill at the Hindenburg Mine, centrally located within the Hindenburg Pit. The mineralized zones are variably described as nearly flat lying or dipping 60 degrees SE (Haskins, 1981). During this same year Myntti worked on the Markovich property, near the south end of the proposed Hindenburg Pit, shipping 16-tons of ore containing 38% antimony, which was taken from small pods and stringers (Joesting, 1942).

The Chomco claims covering the northern portion of the True North prospect were purchased and worked in the late 1960's and early 1970's by Frank Mate and Richard Raines who discovered five mineralized zones using geochemical prospecting. Various lessees have continued excavation of the Hindenburg area and have explored the Ohio prospect and the south trench area.

In 1990, Amax Gold Incorporated (AGI) negotiated a mining lease on the Chomco claims. A 4-hole, 1,000-foot, drilling program was completed in 1991. These results prompted expansion of the property position by acquiring the Shepard claims in the winter of 1991 and by staking the open ground in Spruce Creek in the fall of 1991. An expanded exploration program in 1992 included soil sampling, a geophysical survey, trenching, and a 16-hole, 5,332-foot drilling program.

In 1993, AGI sold its interest in the True North property to La Teko Resources, Inc. Between 1993 and 1994 La Teko drilled 57,302-feet of exploration holes. In 1995 Newmont Exploration Limited (NEL) and La Teko formed a joint venture (65%: 35% respectively) to explore the property. Between 1995 and 1998 NEL completed a multi-faceted exploration program that included extensive soil

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sampling, wetland delineation and cultural resource surveys, geophysical surveys, trenching, drilling, metallurgical testing, geological interpretation, computer modeling, and reserve definition.

In 1999, Kinross acquired La Teko and purchased Newmont's 65% interest in True North. A 14,000-foot drilling program was completed to further define reserves in the Hindenburg area and to define area hydrology, material characterization for acid rock drainage (ARD) potential, geotechnical survey, permafrost evaluation, and the mineralized area to be encompassed by the prospective upland mining lease for the True North project.

FGMI exploration crews are currently drilling to further define mineralization in the area. Exploration activities will continue during the mine life in order to locate possible areas for expansion and associated mine development. FGMI is optimistic that additional development will proceed as exploration drilling confirms additional reserves.